

**CALIFORNIA BOARD OF ACCOUNTANCY**

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HAVE YOU PASSED THE CPA EXAM?

YES ☐ NO ☐**FORM E <sup>3</sup>/<sub>4</sub> CERTIFICATE OF EXPERIENCE****This form is to be COMPLETED and MAILED directly to the Board**

PRINT OR TYPE

FULL NAME OF APPLICANT: (NO INITIALS) (First) (Middle) (Last)

FULL TIME	(MO/DAY/YR)	PERIOD OF EMPLOYMENT		(MO/DAY/YR)	(MO/DAY/YR)	TOTAL PART-TIME HOURS
		FROM	TO	FROM	TO	

**EXPERIENCE RECORD:** Rule 11.5 of the California Code of Regulations, Title 16, Division 1 of the Board sets forth criteria for fulfilling experience requirements. The experience required by this regulation and California Business & Professions Code Section 5083 may be fulfilled by a combination of financial audits, compliance audits, operational audits and management audits and, in certain circumstances, review services (see Instructions Section II). Check each of the following items (A and B) in the appropriate box for the experience of the applicant, as your employee, for purposes of qualifying such applicant for a CPA license. These items are based on the criteria set forth in Rule 11.5 (see Notes to Employer on reverse side).

**As an objective, to be considered appropriate, experience is that which enables the applicant to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision which results in full disclosure financial statements (see Instructions Sections I and II).**

Yes No

I.	A.	Has the applicant participated in the planning of the audit, including the selection of the procedures to be performed?		
	B.	In your opinion, did such participation demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A.	Has the applicant had experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B.	In your opinion, did the application of the above described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A.	Has the applicant had experience in the preparation of working papers in connection with the various elements of I. and II. above?		
	B.	In your opinion, did the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A.	Has the applicant had experience in the preparation of written explanations and comments on the work performed and its findings?		
	B.	In your opinion, did the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A.	Has the applicant participated in the preparation of and reporting on full disclosure financial statements?		
	B.	In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

VI. SUMMARY OF RULE 11.5 HOURS (see Instructions Section III).

**NUMBER OF HOURS**

	Audit	Review	Compilation	Other	Total
Participation in the Preparation of Financial Statements					
Planning and Performing Audit Procedures					
Total					

VIII. Applicant's job classification while in your employment (see Instructions Section III).

JOB CLASSIFICATION	(FROM)	(Dates)	(TO)	JOB CLASSIFICATION	(FROM)	(Dates)	(TO)

VIII. Is applicant related to you? Yes ☐ No ☐ (If yes, explain relationship) \_\_\_\_\_

NOTES TO EMPLOYER COMPLETING FORM E (See Instructions Sections I., II. and III.)

**EXPERIENCE CERTIFICATION.** The specific experience the applicant has received, and the employer's opinion that it represents satisfactory knowledge of current practice standards and pronouncements, are all important. As an objective, the experience to be considered appropriate is that which enables the applicant to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision which results in full disclosure financial statements. With respect to the experience required, it is expected that the applicant will have gained a variety of experience in applying audit procedures. Such procedures typically include those described in the attached instructions on pages 1 and 2. It is not necessary that an applicant has obtained experience in all elements of the financial statements, or performed certain procedures any particular number of times, or has attained any given staff level. Although no minimum number of hours has been prescribed for licensure, as a guideline, it is doubtful that an individual can obtain the experience required under Items I-V in less than 500 hours. No more than 50 hours credit will be given for the preparation of financial statements.

**RULE 69 — INSPECTION AND VERIFICATION.** Rule 69 of the California Board of Accountancy provides that the Board may require an explanation of any representation made on the Form E and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

*I hereby certify, under penalty of perjury under the laws of the State of California, that the applicant (1) has been employed by me or my firm for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Form E.*

Signature

Date

FIRM NAME		BUSINESS TELEPHONE: Area Code ( )	
ADDRESS (INCLUDING CITY, STATE AND ZIP CODE)			
SIGNATURE	SOLE PROPRIETOR <input type="checkbox"/>	PRIVATE INDUSTRY <input type="checkbox"/>	
PRINTED NAME	PARTNER <input type="checkbox"/>	GOVERNMENT <input type="checkbox"/>	
	SHAREHOLDER <input type="checkbox"/>	OTHER <input type="checkbox"/>	
STATE OF ISSUANCE	CERTIFICATE NO.	IF OTHER, EXPLAIN	
	CPA <input type="checkbox"/> PA <input type="checkbox"/>		

OFFICE USE ONLY

Date of last Rule 69 Review

APPROVED

REAPPEARANCE

NO RECORD

Verified by:

Date:

OFFICE USE ONLY

Date of last Rule 69 Review

APPROVED

REAPPEARANCE

NO RECORD

Verified by:

Date:

## FORM E (CERTIFICATE OF EXPERIENCE) INSTRUCTIONS

Experience requirements are contained in Article 5, Section 5080, *et seq* of the California Business and Professions Code (Code) and in the Rules and Regulations of the Board of Accountancy (Rules). Generally, an applicant for licensure in California is required to have three years experience working in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. One year of that experience may be waived with college credit. Experience required under Rule 11.5 may be fulfilled by a combination of financial, operational, management and compliance audits, review services **(only to the extent the review includes audit procedures. Frequently only analytical review procedures qualify. However, the scope of work may be extended in selected areas and, therefore, qualify.)** and compilation services **(only to the extent preparation of full disclosure financial statements is supported by work papers – Item V).** The Form E is used administratively to provide a mechanism for employers to communicate to the Board the experience an applicant has obtained while in their employ and which is in compliance with Rule 11.5.

Although no minimum number of hours has been prescribed for licensure, as a guideline, it is doubtful an applicant can obtain Rule 11.5 experience of a sufficient character and variety in less than 500 hours. No more than 50 hours credit will be given for the preparation of financial statements. If the applicant has a minimum number of hours of experience or additional information which would be helpful in understanding the experience obtained, the signer may wish to submit a letter explaining the basis for affirmative answers on the Form E.

It is important the licensee and applicant formulate very early in the applicant's employment a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

### I. Qualifying Experience

With respect to the experience required under Items I, II and III of the Form E, it is expected the applicant will have gained experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have participated in planning audits. Otherwise, it is not necessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

1. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.
2. Assessing control risk of assertions embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.
3. Applying appropriate analytical review procedures in performing an audit or review.
4. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balance such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges, related liability or capital accounts, and revenue and expense accounts.
5. Understanding and determination of the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, etc., and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market and excess and obsolete inventory, etc.
6. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable.

7. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.
8. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

With respect to experience required under Item IV of the Form E, it is expected the applicant has written comments, observations and conclusions resulting from the work performed.

With respect to experience required under Item V of the Form E, it is expected the applicant has participated in the preparation of, and reporting on, full disclosure financial statements. The experience required under this item may be fulfilled entirely by either review or compilation services, if adequately supported by workpapers.

## II. Experience Discussion

### 1. Public Accounting

Experience obtained with public accounting firms should be evaluated by employees in the context of Rule 11.5. Generally, experience may be fulfilled by a combination of financial audits, compliance audits, operational audits, and management audits. Review services experience may be used to supplement an applicant's experience **only to the extent audit procedures are performed**; for example, in performing analytical review procedures or by extending the scope of work in selected areas. Experience obtained in other areas of public accounting (i.e., accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under Rule 11.5.

Public accounting experience should be of a character and variety which enables the applicant to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision that results in a report on full disclosure financial statements.

The most frequent experience problems encountered by applicants with public accounting experience are:

- a. Failure to demonstrate and/or document participation in the audit planning process.
- b. Limited experience is applying audit procedures and participation in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements financial statements preparation and GAAP and GAAS requirements.
- c. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

### 2. Private or Governmental Accounting and Auditing

Private or governmental accounting and auditing experience, under Business and Professions Code, Division 3, Chapter 1, Section 5083(b), requires the applicant not working in a public accounting firm to perform accounting and auditing work under the direct supervision of an individual licensed by a state to engage in the practice of public accountancy. Qualifying experience should be of a character and variety which enables the applicant to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision that results in a report on full disclosure financial statements (see Section I above). This experience must include work that allows the licensee to complete the Form E and must be for a period of time as prescribed by Section 5083.

The most frequent problems for applicants with private or governmental accounting and auditing experience are:

- a. Limited experience in applying audit procedures, and limited participation in planning the audit (including evaluating risk and determining materiality), as well as preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty in demonstrating experience with disclosure requirements, financial statement preparation, and GAAP and GAAS requirements.
- b. Claiming credit for general accounting work which does not qualify under Rule 11.5.
- c. Claiming credit under Section 5083 for experience that has not been gained under the supervision of an individual currently licensed to practice public accounting (e.g., licensed without continuing education).
- d. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

### III. Other Sections of Form E

#### 1. Summary of Rule 11.5 Attest Hours (Part VI of Form E)

This summary should reflect the applicant's experience obtained in Rule 11.5 work by type of service. Experience in other areas (e.g., controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections) is not considered qualifying under Rule 11.5. **The hours reported in Section VI should only be those spent performing audit procedures. No more than 50 hours of experience may be obtained from participation in the preparation of and reporting on full disclosure financial statements which are supported by adequate workpapers.**

The specific categories of experience should be completed as follows:

- |                    |  |
|--------------------|--|
| Audit Hours        | This section should reflect only those hours spent in the planning and performing of audit procedures in an audit engagement and the hours spent on financial statement preparation.   |
| Review Hours:      | This section should reflect only those hours spent in the performance of audit procedures in a review engagement and the hours spent on financial statement preparation. Frequently, analytical review is the only audit procedure performed, unless the scope in selected areas has been expanded and audit style procedures have been performed and documented.                                      |
| Compilation Hours: | This section should reflect only those hours spent solely in the preparation of full disclosure financial statements and related supporting workpapers.  |
| Other Hours:       | This section should reflect only those hours spent in the performance of operational audits, compliance audits, management audits, and other audits as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the California Board of Accountancy. |

2. Job classification (Part VII of Form E)

This section should describe each level and type of experience while in your employ (i.e., audit staff assistant, tax senior audit manager, etc.) with applicable date. If the title does not clearly indicate the type of accounting and auditing work performed, please provide additional explanations (in an accompanying letter, if necessary).

3. Signing the Form E

Only public accounting employers, CPA licensees, or Board-approved Internal Review Committee members should sign the Form E. Employer is defined as a proprietor, partner or shareholder of the firm.

Out-of-state signers must sign in accordance with California rules and provide all requested information regarding their license (firm address must include street, city, state, and ZIP code). If some of the experience of the applicant has been gained in another office of the same firm, the signer should furnish information as to the basis for completing Form E. Alternatively, the other office should complete a separate Form E.

If any of the above categories do not apply to you, please be sure to explain the basis for signing the form.

4. Responsibility Associated with Signing the Form E

All California licensees in public practice signing the Form E are subject to the provisions of Rule 69. The signer must carefully review the Form E, evaluate, and judge each applicant's experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the objective of the Board for licensure. Appropriate experience enables the applicant to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision that results in full disclosure financial statements.

If an additional explanation would be helpful in evaluating the applicant's experience, the Board encourages employers to attach an explanatory letter.

Rule 69 provides that the Board may require explanation of any representation made on the Form E and/or may inspect the documentation relating to an applicant's fulfillment of the experience requirement.

Under Rule 69 the Board expects the documentation in support of affirmative answers on the Form E to consist of a record of engagements on which an applicant actually performed the audit procedures, the amount of time spent by the applicant on the procedure(s), and the aggregate amount of time spend on such engagements. Actual financial statements and supporting workpapers are required to be furnished to the Board upon request.

5. Current Experience

In evaluating experience of applicants, emphasis is given to recent activities that demonstrate the applicant's knowledge and application of current accounting and auditing standards. In the determination of what is current, the Board generally considers experience gained in the last five years. If the audit experience was gained prior to that time, the Board will require the applicant to furnish evidence that (s)he is knowledgeable of current practice standards and pronouncements of the profession.

6. Worksheet

The Worksheet for Substantiation of Qualifying Experience Under Rule 11.5 has been included in order to assist the applicant and the employer accumulate information to support the opinions expressed on the Form E. **This worksheet does not need to be submitted with the Form E.**

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